

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA***

*San Diego, California*

*United States Attorney  
Karen P. Hewitt*

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***For Immediate Release***

### **NEWS RELEASE SUMMARY** - August 22, 2007

United States Attorney Karen P. Hewitt announced that Rollo Richard “Rick” Norton II and Scott Greer pled guilty today in federal court in San Diego to a felony charge of mail fraud, arising from their participation in a scheme to draw equity out of a San Diego condominium complex through a series of sham purchase transactions and refinances. Norton and Greer entered their guilty pleas before Magistrate Judge Leo S. Papas, subject to final acceptance of the pleas by United States District Judge Marilyn L. Huff, at the time of sentencing.

According to court papers, Norton was an investment advisor in Ramona, California. In or about 1999, an entity controlled by Norton purchased an apartment complex located on Crown Point Drive in San Diego, California, with the intention of completing the conversion of the apartments to condominiums for sale. Norton initially financed the acquisition and conversion of the Crown Point condominiums by taking the project subject to existing loans and by raising funds from investors. However, because of unfavorable loan terms, Norton’s mismanagement of the project, insufficient rental income, and other problems, Norton

and his entities soon lacked sufficient funds to service the debt on the condominium project, to make promised payments to investors, and to complete the condominium conversion process.

As part of his guilty plea today, Norton admitted that, to raise additional funds, he and others devised a fraudulent scheme to obtain loan proceeds from numerous financial institutions. The scheme ran from late 2001 to late 2005. As part of the scheme, Norton induced straw purchasers to let him use their names and credit histories to obtain new mortgage loans on individual condominium units on the agreement that Norton (and not the straw purchasers) would take care of the mortgage and tax payments. Norton then obtained mortgage loans in the straw purchasers' names without disclosing to the financial institutions the side agreements between Norton and the straw purchasers.

Norton also admitted that he and others intentionally transferred ownership of condominium units into the names of some individuals without even telling them. Norton then used the names and credit histories of these unwitting purchasers to take out new loans on the condominiums. To facilitate this scheme, Norton admitted that he would sign the names of other persons on grant deeds and other escrow closing documents and would then have the signatures notarized by someone in his office or elsewhere. To prevent detection, Norton had the escrow documents, mortgage bills, real estate tax bills and delinquency notices sent to Norton's office, rather than to the persons to whom he had transferred ownership of the condominium.

Scott Greer worked for Norton while the scheme was ongoing. As part of his guilty plea today, Greer admitted that he knowingly and intentionally participated in the scheme by, among other things, preparing false income verification and other loan application documents to obtain loans in the names of the straw purchasers and unwitting owners.

United States Attorney Hewitt stated, "The rising San Diego real estate market during the first half of this decade unfortunately created many opportunities for mortgage fraud. This prosecution should serve as a reminder of the serious consequences that will befall those who perpetrate such fraud."

Keith Slotter, Special Agent in Charge of the San Diego FBI Office stated, "The FBI is proactively working with the mortgage industry and our law enforcement partners to protect citizens from mortgage fraud

crimes. This prosecution should send a clear message to those who would participate in mortgage fraud, that such conduct will not be tolerated.”

Sentencing for Norton and Greer is scheduled for November 13, 2007, at 9:00 a.m. before United States District Judge Marilyn L. Huff.

### **DEFENDANTS**

Rollo Richard Norton II	Criminal Case No. 07-CR-2260-H
Scott Greer	Criminal Case No. 07-CR-2291-H

### **SUMMARY OF CHARGES**

Title 18, United States Code, Section 1341 - Mail Fraud Affecting a Financial Institution (one count as to each defendant)

Maximum penalties: 30 years in prison and a fine equal to twice the gross loss caused to persons by the offense.

### **PARTICIPATING AGENCIES**

Federal Bureau of Investigation  
San Diego County District Attorney's Office